

## CMBI Credit Commentary

### Fixed Income Daily Market Update 固定收益部市场日报

- *Asian IG high beta names MEITUA, LENOVO widened c5bps. HRINTHs down c1pt after yesterday's rally. New issue CITNAT'28 was stable around reoffer level at T+96bps. We saw buying interests on China T2 like ICBC, CCB.*
- **DALWAN:** *The facts, the noise and the uncertainties, maintain buy on DALWANs. See below.*
- **CHALUM:** *CHALIECO announced to redeem all USD350mn perp on 21 May'23. CHALUM 5 PERP rose c0.1pt to 99.86 and other CHALUMs were unchanged to +0.1pt this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the tone in Asia IG space remained largely firm despite UST yields spiked 7-9bps overnight. On the primary side, new CITNAT 5Y came to tap the market with FPG at T+95 and CKHH announced mandate for 5Y&10Y. Korea/Japan bank papers were under better buying. KDB/EIBKOR/MUFG 28s/33s grinded 2-5bps tighter. China SOEs/TMTs moved 1-3bps tighter. TENCNT 28s/29s tightened 2-5bps. In financials, AMCs notably recovered from last week's sell-off induced by Moody's downgrade on Huarong. HRINTH curve was marked 3-5.5pts higher (10-50bps tighter) than closing level of last Fri. We saw AM/HF buying and PBs selling at high. Other AMCs such as CCAMCL/GRWALL had active mixed flows. Elsewhere, we saw belly to front end IGs such as HONHAI/AIA/KOROIL were better-bid from clients. Chinese properties performed softly. DALWANs fell 1.5-4.5pts on heavy selling from FMs. SINOCEs/COGARDs were also weighed down 0.5-1.5pts. CENCHIs/CIFIHGs/GRNLGRs were traded 1-2pts lower. In industrials, FOSUNs dropped another 1.25-3.75pts across the curve whilst HONGQI/CHIOIL papers were indicated 0.25pt higher. Macau gaming names such as SANLTDs/STCITYs lowered 0.5-1pt. In India space, ADANEMs/ADANIGs were traded 0.5-1pt higher. VEDLNs were down 0.5-1.5pts. Indonesian oil name MEDCIJs were quoted 0.5-1pt higher.

The LGFV/Asia AT1/Perp spaces remained roughly stable across sectors, as quality papers were sought-after amid continuously limited primary supply. LGFVs had a firm and quiet session as most investors were re-assessing macro outlook after the rates surge over weekend. Shandong names had relatively active two-way flows. SHDOIS/JMUDIV/SHGUOH 24s-25s were skewed to better selling. In AT1s, benchmark papers such as ICBCAS 3.2 Perp/BOCHKL 5.9 Perp were under better buying. BNKEA perps were quoted 0.5-1.5pts higher. However, NANYAN/CHOHIN/CINDBK perps were marked down 0.25-0.5pt. Elsewhere, HK corp perps were subdued. NWDEVL/NANFUN/HYSAN perps were traded 0.5-1pt lower.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
HRINTH 3 7/8 11/13/29	76.2	5.6	FOSUNI 5.95 10/19/25	72.4	-3.7
HRINTH 4 3/4 04/27/27	87.5	5.3	FOSUNI 5 05/18/26	63.7	-3.5
HRINTH 4 1/2 05/29/29	80.0	5.3	DALWAN 7 1/4 01/29/24	85.4	-3.5
HRINTH 3 5/8 09/30/30	74.0	4.9	FOSUNI 5.05 01/27/27	61.8	-3.1
HRINTH 4 1/4 11/07/27	83.7	4.8	FOSUNI 6.85 07/02/24	87.3	-2.5

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – U.S. stock markets slightly rebounded yesterday, S&P (+0.33%), Dow (+0.30%) and Nasdaq (+0.28%) were led by financial and property sectors, Chinese names were also outperformed. The New York Fed manufacturing index bounced to 10.8 in April from -24.6 in March, and was higher than expectation of -18.0. The U.S. treasury continued the ascending trend since early April, the 2/5/10/30 yields reached 4.18%/3.69%/3.60%/3.81%, respectively.

## ❖ Desk analyst comments 分析员市场观点

## ➤ DALWAN: The facts, the noise and the uncertainties

Over the past days, DALWANs under-performed notably on the reports of trust loan extension and prepayment of offshore loans resulting from delay in IPO. We would like to point out some recent facts, noise which be ignored and uncertainties we are facing.

**The facts:** DALWAN has smooth access to onshore and offshore capital markets. It is the only HY Chinese developer/property-related company to issue USD bonds YTD. It raised a total of USD800mn through HY USD bonds in Jan and Feb'23 with strong reverse requests, and repaid offshore bonds of USD380mn in Mar'23. Additionally, it issued RMB1.5bn onshore bonds (without CRMW and CIBCL guarantee) on 22 Mar'23 at a coupon rate of 6.8%. It repaid onshore bonds of RMB5bn yesterday, and redeemed the put of onshore bonds totaled RMB1.24bn in Mar and Apr'23.

**The noise:** As per our discussions with DALWAN, it denied any defaulted on trust loans. There is no trust loan at Dalian Wanda Commercial Management Group Co. Ltd. The trust loans are at Wanda Properties and the loans remain current. For collective trust loans, it will continue to repay as scheduled. For trust loans from a single creditor, it has been exploring extension starting from last year, subsequent to the 16-point plan issued by PBOC and CBIRC in Nov'22. As per the plan, developers' trust loans that matured before May'23 can be extended 1 year based on the negotiations between developers and creditors.

Regarding the early repayment of USD1.3bn offshore loans on 8 May'23 if the IPO of Zhuhai Wanda will not be completed by then, DALWAN mentioned to us that the early repayment clause is not structured as a put option for creditors without further elaboration. Nonetheless, the company expects to secure the waiver for the early repayment. The USD1.3bn loans will be amortizing over 2024 and 2025.

**The uncertainties:** the IPO of Zhuhai Wanda will unlikely be completed by 2Q23 as per previously communicated. As per DALWAN, it has been in discussions with CRSC and does not see any technical obstacles on the IPO. That said, CSRC is still working out the details for IPO/equity raising of developers/property-related companies with other regulatory bodies after the supportive policies announced in Feb'23. The A1 for IPO of Zhuhai Wanda in HK were re-submitted in Oct'22, and this will be valid for 6 months, i.e. till Apr'23. DALWAN will soon be required to re-submit a new info pack with updated financials till Dec'22.

To us, we are not too concerned of the repayment clause of USD1.3bn on 8 May'23 as we expect the company to be able to secure the waiver. The major uncertainty is the potential redemption of pre-IPO investments of cUSD7.1bn if the IPO fails to complete by Dec'23. Recalled that DALWAN introduced pre-IPO investments of RMB38bn for a 21% stakes in Zhuhai Wanda in 2021. PAG and Country Garden Property Services are amongst pre-IPO investors.

Nonetheless, we continue to believe that the chance of IPO going through is high since promoting equity raising for developers/property-related companies is one of the key policy objectives of the Chinese regulators. We expect the IPO to be a catalyst for DALWANs to perform and hence maintain buy on DALWANs.

**Table: Dalian Wanda's bonds mature in 2023**

	Issued amount (USD mn)	o/s amount (USD mn)	Maturity
20DalianwandaMTN005	362.3	4.3	2023-11-12
20DalianwandaMTN004	507.2	80.9	2023-07-29
DALWAN 6.875 07/23/2023	400.0	400.0	2023-07-23
20DalianwandaMTN003	724.6	228.3	2023-07-10
20DalianwandaMTN002	289.9	289.9	2023-06-03
20DalianwandaMTN001	724.6	-	2023-04-17
	3,008.7	1,003.3	

Source: Wind

#### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Kookmin Bank	500	5yr	4.625%	T+95	Aa3/A+/-

#### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
CK Hutchison	USD	-	5/10yr	T+145/170	A2/A/A-
Sumitomo Mitsui Finance&Leasing	USD	-	5yr	T+200	-/A/-

#### ➤ News and market color

- Regarding onshore primary issuances, there were 101 credit bonds issued yesterday with an amount of RMB82bn. As for Month-to-date, 964 credit bonds were issued with a total amount of RMB1,020bn raised, representing a 51.2% yoy increase
- **[CENCHI]** CCRE receives requisite consents with respect to senior due-2024s, due-2025s to carve out default events from three due 2023s which were proposed to extend 2 years maturity
- **[CHALUM]** CHALIECO announced to redeem all USD350mn perp on 21 May

- **[GZRFPR]** Fitch affirmed Guangzhou R&F, RFHK at RD
- **[RPVIN]** ReNew Power roadshowed USD400mn 3.25yr bonds
- **[ZJMGCL]** Fitch affirmed Zijin Mining at BB+ and placed stable outlook

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